

## Message Text

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PAGE 01 LISBON 03812 061308Z

44

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 OMB-01 AF-10

SAM-01 CIEP-03 TRSE-00 DRC-01 /135 W

----- 049483

R 061135Z SEP 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 0444

UNCLAS LISBON 3812

E.O. 11652: N/A

TAGS: EIND, PO

SUBJ: US SUBSIDIARY CEASES OPERATIONS IN PORTUGAL

REF: A. LISBON 2506

B. LISBON 3467

1. DS ELECTRONICA PORTUGUESA SARL, A SUBSIDIARY OF A HONG KONG FIRM OWNED BY DULUTH SCIENTIFIC, INC. OF SUPERIOR, WISCONSIN, HAS CEASED ITS ELECTRONIC COMPONENT ASSEMBLY OPERATION IN PORTUGAL. THIS SMALL FIRM HAD AN OFFICIAL PAID-IN CAPITAL OF DOLS 100,000 AND EMPLOYED 62 PORTUGUESE WORKERS IN ADDITION TO THREE US CITIZEN SUPERVISORY PERSONNEL.

2. CLOSURE IS ACCORDING TO MANAGER DUE TO SIGNIFICANTLY INCREASED WAGE DEMANDS BY WORKERS WHICH WOULD MAKE PROFITABLE OPERATION IMPOSSIBLE AND LABOR UNREST. US CITIZEN MANAGER REPORTS THAT LABOR PROBLEMS HAD REDUCED EFFICIENCY TO 40 PER CENT OF NORMAL.

3. FIRM HAS REACHED AGREEMENT WITH MINISTRIES OF FINANCE, LABOR AND ECONOMICS ON CLOSURE PROCEDURES AND HAS NEGOTIATED SEVERANCE PAY SETTLEMENT WITH WORKERS.

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FIRM HAS BEEN GRANTED EXPORT LICENSE FOR "CRITICAL

ELECTRONIC EQUIPMENT AND MATERIALS".

4. COMMENT: WHILE WE DO NOT WISH TO IMPLY THAT SITUATIONS OF APPLIED MAGNETICS (REF B) AND DS-ELECTRONICA ARE IDENTICAL, THE LATTER AT LEAST HAS BEEN ABLE TO CLOSE OUT ITS OPERATIONS RELATIVELY SATISFACTORILY WITH MINIMAL BAD FEELINGS ON PART OF GOP AND LITTLE OR NO ADVERSE PUBLICITY. TO BEST OF OUR KNOWLEDGE ALL OTHER ELECTRONIC FIRMS HAVE BEEN ABLE TO ACCOMODATE THEMSELVES FOR TIME BEING TO THE NEW-I.E. POST-APRIL 25-SITUATION.  
SCOTT

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ELECTRONIC EQUIPMENT, BUSINESS FIRMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**From:** LISBON  
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**Review Date:** 25 JUN 2002  
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30 JUN 2005

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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US SUBSIDIARY CEASES OPERATIONS IN PORTUGAL  
**TAGS:** EIND, PO, DS ELECTRONICA PORTUGUESA SARL  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005